

TOWNSHIP OF GRANT
St. Clair County, Michigan
74-1130
GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

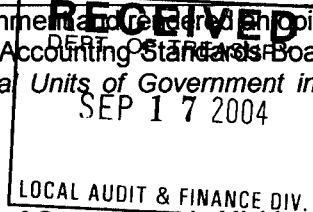
Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Grant	County St. Clair
Audit Date March 31, 2004	Opinion Date August 6, 2004	Date Accountant Report Submitted to State: August 6, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF GRANT
St. Clair County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

August 6, 2004

To the Township Board
Township of Grant
St. Clair County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Grant, St. Clair County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Grant's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Grant, St. Clair County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Grant, St. Clair County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF GRANT
St. Clair County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Trust and Agency</u>
<u>Assets</u>				
Cash in bank	206 340 84	200 363 39	38 157 50	30 561 94
Taxes receivable	8 382 12	9 153 88	2 750 44	-
Due from other funds	14 441 09	-	-	-
Accounts receivable	4 232 37	-	-	-
Land and improvements	-	-	-	-
Buildings	-	-	-	-
Equipment	-	-	-	-
Amount available in Debt Retirement funds	-	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-	-
Total Assets	<u>233 396 42</u>	<u>209 517 27</u>	<u>40 907 94</u>	<u>30 561 94</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	1 154 85	-	-	-
Due to other funds	-	-	-	14 441 09
Due to others	-	-	-	16 120 85
Bonds payable	-	-	-	-
Total liabilities	<u>1 154 85</u>	<u>-</u>	<u>-</u>	<u>30 561 94</u>
Fund equity:				
Investment in general fixed assets	-	-	-	-
Fund balances:				
Reserved for debt service	-	-	40 907 94	-
Unreserved:				
Undesignated	<u>232 241 57</u>	<u>209 517 27</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>232 241 57</u>	<u>209 517 27</u>	<u>40 907 94</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>233 396 42</u>	<u>209 517 27</u>	<u>40 907 94</u>	<u>30 561 94</u>

The accompanying notes are an integral part of these financial statements.

Account Groups		Total
General Fixed Assets	General Long- Term Debt	(Memorandum Only)
-	-	475 423 67
-	-	20 286 44
-	-	14 441 09
-	-	4 232 37
35 476 58	-	35 476 58
550 047 44	-	550 047 44
499 043 95	-	499 043 95
-	40 907 94	40 907 94
-	209 092 06	209 092 06
<u>1 084 567 97</u>	<u>250 000 00</u>	<u>1 848 951 54</u>

-	-	1 154 85
-	-	14 441 09
-	-	16 120 85
-	250 000 00	250 000 00
-	250 000 00	281 716 79

1 084 567 97	-	1 084 567 97
-	-	40 907 94
-	-	441 758 84
<u>1 084 567 97</u>	<u>-</u>	<u>1 567 234 75</u>
<u>1 084 567 97</u>	<u>250 000 00</u>	<u>1 848 951 54</u>

TOWNSHIP OF GRANT
St. Clair County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B

Page 1

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Revenues:			
Taxes	35 086 42	126 288 13	37 945 78
Licenses and permits	39 187 74	-	-
State grant	9 534 54	-	-
State revenue sharing	125 122 00	-	-
Charges for services:			
Fire	-	5 025 00	-
PTAF	15 928 46	-	-
Other	2 194 00	-	-
Interest	3 275 93	2 472 22	-
Special assessment	78 486 20	-	-
Miscellaneous	<u>11 550 08</u>	<u>-</u>	<u>-</u>
Total revenues	<u>320 365 37</u>	<u>133 785 35</u>	<u>37 945 78</u>
Expenditures:			
Legislative:			
Township Board	14 715 88	-	-
General government:			
Supervisor	8 109 96	-	-
Elections	771 78	-	-
Assessor	8 923 48	-	-
Clerk	9 494 16	-	-
Board of Review	926 25	-	-
Treasurer	14 574 93	-	-
Township hall	27 181 54	-	-
Cemetery	979 00	-	-
Unallocated	23 884 57	-	-
Public safety:			
Fire protection	11 501 48	-	-
Building department	28 046 08	-	-
Planning and zoning	4 555 00	-	-
Public works:			
Highways and streets	29 501 61	91 889 36	-
Street lighting	1 651 57	-	-
Sanitation	18 818 10	-	-
Culture and recreation:			
Parks and recreation	4 629 26	-	-

The accompanying notes are an integral part of these financial statements.

Total
(Memorandum
Only)

199 320 33
39 187 74
9 534 54
125 122 00

5 025 00
15 928 46
2 194 00
5 748 15
78 486 20
11 550 08

492 096 50

14 715 88

8 109 96
771 78
8 923 48
9 494 16
926 25
14 574 93
27 181 54
979 00
23 884 57

11 501 48
28 046 08
4 555 00

121 390 97
1 651 57
18 818 10

4 629 26

TOWNSHIP OF GRANT
St. Clair County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B
Page 2

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
Expenditures (continued):			
Other:			
Payroll taxes	3 017 68	-	-
Pension	2 217 55	-	-
Insurance	25 495 73	-	-
Capital outlay	6 189 08	21 681 99	-
Debt service	-	-	38 827 50
	<u>245 184 69</u>	<u>113 571 35</u>	<u>38 827 50</u>
Total expenditures			
	<u>245 184 69</u>	<u>113 571 35</u>	<u>38 827 50</u>
Excess (deficiency) of revenues over expenditures	75 180 68	20 214 00	(881 72)
Fund balances, April 1	<u>157 060 89</u>	<u>189 303 27</u>	<u>41 789 66</u>
Fund Balances, March 31	<u>232 241 57</u>	<u>209 517 27</u>	<u>40 907 94</u>

The accompanying notes are an integral part of these financial statements.

Total
(Memorandum
Only)

3 017 68

2 217 55

25 495 73

27 871 07

38 827 50

397 583 54

94 512 96

388 153 82

482 666 78

TOWNSHIP OF GRANT
St. Clair County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

EXHIBIT C
Page 1

	General Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	42 465 55	35 086 42	(7 379 13)
Licenses and permits	34 192 00	39 187 74	4 995 74
State grant	13 600 00	9 534 54	(4 065 46)
State revenue sharing	120 000 00	125 122 00	5 122 00
Charges for services:			
Fire	-	-	-
PTAF	15 727 50	15 928 46	200 96
Other	1 500 00	2 194 00	694 00
Interest	4 000 00	3 275 93	(724 07)
Special assessment	989 00	78 486 20	77 497 20
Miscellaneous	<u>3 100 00</u>	<u>11 550 08</u>	<u>8 450 08</u>
Total revenues	<u>235 574 05</u>	<u>320 365 37</u>	<u>84 791 32</u>
Expenditures:			
Legislative:			
Township Board	18 071 25	14 715 88	(3 355 37)
General government:			
Supervisor	8 110 00	8 109 96	(04)
Elections	780 00	771 78	(8 22)
Assessor	9 798 75	8 923 48	(875 27)
Clerk	9 600 00	9 494 16	(105 84)
Board of Review	1 500 00	926 25	(573 75)
Treasurer	14 600 00	14 574 93	(25 07)
Township hall	27 185 00	27 181 54	(3 46)
Cemetery	979 00	979 00	-
Unallocated	45 595 00	23 884 57	(21 710 43)
Public safety:			
Fire protection	11 550 00	11 501 48	(48 52)
Building department	30 000 00	28 046 08	(1 953 92)
Planning and zoning	5 200 00	4 555 00	(645 00)

The accompanying notes are an integral part of these financial statements.

<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
119 156 84	126 288 13	7 131 29
-	-	-
-	-	-
-	-	-
5 650 00	5 025 00	(625 00)
-	-	-
-	-	-
3 985 10	2 472 22	(1 512 88)
-	-	-
-	-	-
<u>128 791 94</u>	<u>133 785 35</u>	<u>4 993 41</u>

1	2	3
4	5	6
7	8	9

1	2	3
4	5	6

128 791 94 133 785 35 4 993 41

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TOWNSHIP OF GRANT
St. Clair County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

EXHIBIT C
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (continued):			
Public works:			
Highways and streets	30 000 00	29 501 61	(498 39)
Street lighting	2 000 00	1 651 57	(348 43)
Sanitation	18 818 10	18 818 10	-
Culture and recreation:			
Parks and recreation	4 700 00	4 629 26	(70 74)
Other:			
Payroll taxes	4 300 00	3 017 68	(1 282 32)
Pension	3 000 00	2 217 55	(782 45)
Insurance	26 000 00	25 495 73	(504 27)
Capital outlay	<u>6 200 00</u>	<u>6 189 08</u>	<u>(10 92)</u>
Total expenditures	<u>277 987 10</u>	<u>245 184 69</u>	<u>(32 802 41)</u>
Excess (deficiency) of revenues over expenditures	(42 413 05)	75 180 68	117 593 73
Fund balances, April 1	<u>42 413 05</u>	<u>157 060 89</u>	<u>114 647 84</u>
Fund Balances, March 31	<u>-</u>	<u>232 241 57</u>	<u>232 241 57</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
108 800 00	91 889 36	(16 910 64)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>35 500 00</u>	<u>21 681 99</u>	<u>(13 818 01)</u>
<u>144 300 00</u>	<u>113 571 35</u>	<u>(30 728 65)</u>
(15 508 06)	20 214 00	35 722 06
<u>178 590 20</u>	<u>189 303 27</u>	<u>10 713 07</u>
<u>163 082 14</u>	<u>209 517 27</u>	<u>46 435 13</u>

TOWNSHIP OF GRANT
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Grant, St. Clair County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Grant. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund

This fund is used to record the funding and payment of principal and interest on debt reported in the General Long-Term Debt Account Group.

Fiduciary Fund

This fund is used to account for assets held as an agent for others.

TOWNSHIP OF GRANT
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Account Groups

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

General Long-Term Debt Account Group

This account group accounts for the general long-term debt of the local unit.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

TOWNSHIP OF GRANT
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 4.6223 mills and the taxable value was \$43,125,750.00.

General Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.

TOWNSHIP OF GRANT
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political

TOWNSHIP OF GRANT
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 2 – Deposits and Investments (continued)

subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>475 423 67</u>
Amounts in the bank balances are without considering deposits in transit or uncleared checks.	
	<u>Bank Balances</u>
Insured (FDIC)	100 000 00
Uninsured and Uncollateralized	<u>388 339 90</u>
Total Deposits	<u>488 339 90</u>

The Township of Grant did not have any investments as of March 31, 2004.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land	29 287 50	6 189 08	-	35 476 58
Buildings	544 892 00	5 155 44	-	550 047 44
Equipment	<u>479 126 96</u>	<u>20 016 99</u>	<u>100 00</u>	<u>499 043 95</u>
Total	<u>1 053 306 46</u>	<u>31 361 51</u>	<u>100 00</u>	<u>1 084 567 97</u>

TOWNSHIP OF GRANT
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 4 – Changes in General Long-Term Debt

A summary of changes in general long-term debt follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/04</u>
Bonds payable	275 000 00	-	25 000 00	250 000 00

Note 5 – 1996 Bonds Payable

On November 1, 1996, the Township of Grant issued bonds in the amount of \$400,000.00 for the purpose of paying the cost of acquiring, constructing, equipping and furnishing a Township hall. The Township of Grant has pledged its full faith and credit for payment of the principal and interest on these bonds. The bonds bear interest at rates that vary from 4.6% to 5.45% per annum, payable semi-annually. The principal balance outstanding as of March 31, 2004, is recorded in the General Long-Term Debt Group of Accounts and is as follows:

<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
5-1-2004	\$25 000 00	4.80%
5-1-2005	25 000 00	4.90%
5-1-2006	30 000 00	5.00%
5-1-2007	30 000 00	5.10%
5-1-2008	30 000 00	5.20%
5-1-2009	35 000 00	5.30%
5-1-2010	35 000 00	5.40%
5-1-2011	40 000 00	5.50%
Total	<u>\$250 000 00</u>	

Note 6 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	14 441 09	Current Tax Collection	14 441 09
Total	<u>14 441 09</u>	Total	<u>14 441 09</u>

TOWNSHIP OF GRANT
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 7 – Pension Plan

The Township has a defined contribution pension plan for its elected officials and other qualified employees of the Township. The Township contributes a percentage of each employee's wages to the plan. Pension expense for the fiscal year ended March 31, 2004, was \$2,217.55.

Note 8 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 – Building Permits

As of March 31, 2004, the Township had building permit revenues of \$33,415.74 and building permit expenses of \$28,046.08.

Note 10– Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF GRANT
St. Clair County, Michigan

COMBINING BALANCE SHEET – SPECIAL REVENUE FUNDS EXHIBIT D
March 31, 2004

	<u>One Mill Fire</u>	<u>Special Fire</u>	<u>Road Construction</u>
<u>Assets</u>			
Cash in bank	82 521 71	20 775 26	53 567 16
Taxes receivable	<u>2 974 25</u>	<u>-</u>	<u>3 089 81</u>
Total Assets	<u>85 495 96</u>	<u>20 775 26</u>	<u>56 656 97</u>
<u>Liabilities and Fund Balances</u>			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Unreserved:			
Undesignated	<u>85 495 96</u>	<u>20 775 26</u>	<u>56 656 97</u>
Total Liabilities and Fund Balances	<u>85 495 96</u>	<u>20 775 26</u>	<u>56 656 97</u>

<u>Road Maintenance</u>	<u>Total</u>
-----------------------------	--------------

43 499 26	200 363 39
<u>3 089 82</u>	<u>9 153 88</u>

<u>46 589 08</u>	<u>209 517 27</u>
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<u>-</u>	<u>-</u>
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<u>46 589 08</u>	<u>209 517 27</u>
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<u>46 589 08</u>	<u>209 517 27</u>
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TOWNSHIP OF GRANT
St. Clair County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS EXHIBIT E
Year Ended March 31, 2004

	<u>One Mill Fire</u>	<u>Special Fire</u>	<u>Road Construction</u>
Revenues:			
Taxes	41 033 52	-	42 627 30
Charges for services:			
Fire	-	5 025 00	-
Interest	<u>1 434 78</u>	<u>137 97</u>	<u>474 25</u>
Total revenues	<u>42 468 30</u>	<u>5 162 97</u>	<u>43 101 55</u>
Expenditures:			
Public works:			
Highways and streets	-	-	46 766 73
Capital outlay	<u>14 416 14</u>	<u>7 265 85</u>	<u>-</u>
Total expenditures	<u>14 416 14</u>	<u>7 265 85</u>	<u>46 766 73</u>
Excess (deficiency) of revenues over expenditures	28 052 16	(2 102 88)	(3 665 18)
Fund balances, April 1	<u>57 443 80</u>	<u>22 878 14</u>	<u>60 322 15</u>
Fund Balances, March 31	<u><u>85 495 96</u></u>	<u><u>20 775 26</u></u>	<u><u>56 656 97</u></u>

<u>Road Maintenance</u>	<u>Total</u>
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42 627 31	126 288 13
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-	5 025 00
<u>425 22</u>	<u>2 472 22</u>

<u>43 052 53</u>	<u>133 785 35</u>
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45 122 63	91 889 36
<u>-</u>	<u>21 681 99</u>

<u>45 122 63</u>	<u>113 571 35</u>
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(2 070 10)	20 214 00
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<u>48 659 18</u>	<u>189 303 27</u>
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<u>46 589 08</u>	<u>209 517 27</u>
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TOWNSHIP OF GRANT
St. Clair County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – CURRENT TAX COLLECTION FUND
Year Ended March 31, 2004

EXHIBIT F

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/04</u>
<u>Assets</u>				
Cash in bank	18 171 85	1 188 308 87	1 175 918 78	30 561 94
Total Assets	<u>18 171 85</u>	<u>1 188 308 87</u>	<u>1 175 918 78</u>	<u>30 561 94</u>
<u>Liabilities</u>				
Due to other funds	14 183 97	271 262 47	271 005 35	14 441 09
Due to others	3 987 88	917 046 40	904 913 43	16 120 85
Total Liabilities	<u>18 171 85</u>	<u>1 188 308 87</u>	<u>1 175 918 78</u>	<u>30 561 94</u>

CAMPBELL, KUSTERER & CO., P.C.

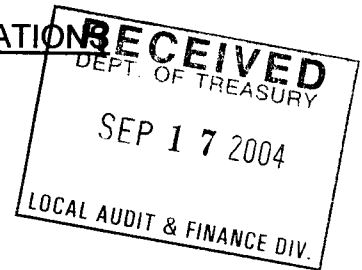
CERTIFIED PUBLIC ACCOUNTANTS

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P.O. BOX 686
BAY CITY, MICHIGAN 48707

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FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS



August 6, 2004

To the Township Board
Township of Grant
St. Clair County, Michigan

We have audited the financial statements of the Township of Grant, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Grant in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Township of Grant
St. Clair County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Township of Grant
St. Clair County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Grant will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants